

Message Text

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ORIGIN IO-14

INFO OCT-01 CIAE-00 CU-04 INR-10 NSAE-00 RSC-01 USIA-15

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EXT. 23619

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P 141944Z AUG 73

FM SECSTATE WASHDC

TO AMEMBASSY PARIS PRIORITY

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NESCO

E.O. 11652 N/A

TAGS: AORG, AFIN, OCON, UNESCO

SUBJECT: 93RD EXECUTIVE BOARD -- DRAFT RESOLUTION ON

BUDGETARY DEFICIT

REF: PARIS 19890

1. PERMREP REQUESTED CIRCULATE FOLLOWING DRAFT RESOLUTION
(DR) TO UNESCO GENEVA GROUP (GG) MEMBERS FOR CONSIDERATION
AND COMMENT BY THEIR GOVERNMENTS.

2. "THE EXECUTIVE BOARD,

1. NOTING THE ESTIMATE OF THE DIRECTOR-GENERAL THAT
DUE TO THE DEVALUATION OF THE UNITED STATES DOLLAR
AN AMOUNT OF \$19,356,300 WILL BE REQUIRED TO
MAINTAIN THE PROGRAMME LEVEL AS APPROVED BY THE

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GENERAL CONFERENCE FOR 1973-1974,

2. RECALLING 92 EX/DECISION 6.12 BY WHICH THE
EXECUTIVE BOARD PROVISIONALLY APPROVED A
SUPPLEMENTARY ESTIMATE OF \$2,998,850, THUS LEAVING
A REQUIREMENT OF \$16,357,450,

3. NOTING THE DIRECTOR-GENERAL'S PROPOSALS TO ACHIEVE
ADDITIONAL SAVINGS IN THE AMOUNT OF BLANK
IN KEEPING WITH THE PRESENT POLICY OF FINANCIAL
AUSTERITY, AND NOTING THE RECOMMENDATIONS FOR

FURTHER SAVINGS ABOVE THAT FIGURE,

4. APPROVES ADDITIONAL SAVINGS IN THE AMOUNT OF BLANK
EXCEPT FOR THOSE REQUIRING THE SPECIFIC APPROVAL
OF THE GENERAL CONFERENCE AND EXCEPT FOR THE
PROGRAMME ACTIVITY CONTAINED IN PARAGRAPH 1479 OF
17 C/5 APPROVED,

5. HAVING REVIEWED THE REQUIREMENT FOR AN ADDITIONAL
SUPPLEMENTARY ESTIMATE IN THE AMOUNT OF BLANK,

6. RECALLING THAT THE ASSESSED CONTRIBUTION OF THE
GERMAN DEMOCRATIC REPUBLIC IS NOW CARRIED IN SUR-
PLUS FOR THE 1973-1974 BIENNIUM,

7. DECIDES TO RECOMMEND TO THE EXTRAORDINARY SESSION OF
THE GENERAL CONFERENCE THAT IT:

A) REQUEST THE DIRECTOR-GENERAL TO CONTINUE
AND STRENGTHEN THE POLICY OF FINANCIAL
AUSTERITY DURING THE REMAINDER OF THE BIENNIUM,

B) APPROVE THE SUPPLEMENTARY ESTIMATE OF
\$2,998,850 APPROVED PROVISIONALLY BY THE
92ND EXECUTIVE BOARD,

C) APPROVE AN ADDITIONAL SUPPLEMENTARY ESTIMATE IN
THE AMOUNT OF BLANK,

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D) DECIDE THAT THE CONTRIBUTION OF THE GERMAN
DEMOCRATIC REPUBLIC FOR 1973-1974 BE USED TO
ASSIST IN FINANCING THE DEFICIT RATHER THAN
BE CARRIED IN SURPLUS,

E) APPROVE THOSE ADDITIONAL SAVINGS THAT SPECIFI-
CALLY REQUIRE THE APPROVAL OF THE GENERAL
CONFERENCE,

F) AUTHORIZE THE DIRECTOR-GENERAL, ON AN EXCEPTIONAL AND NON-RENEWABLE BASIS, TO CONCLUDE A COMMERCIAL OR OTHER LOAN ON THE MOST FAVORABLE TERMS AVAILABLE IN AN AMOUNT UP TO BUT NOT EXCEEDING BLANK TO BE REPAID IN EQUAL INSTALLMENTS OVER A PERIOD NOT TO EXCEED FIVE YEARS, IT BEING UNDERSTOOD THAT THE AMOUNT OF THE SUPPLEMENTARY ESTIMATE PROVISIONALLY APPROVED BY THE EXECUTIVE BOARD SHALL BE INCLUDED IN THE AMOUNT OF THE LOAN RATHER THAN ASSESSED SEPARATELY ON MEMBER STATES,

8. IN CONNECTION WITH THE ABOVE, THE EXECUTIVE BOARD FURTHER RECOMMENDS THAT:

I) THE DIRECTOR-GENERAL EXAMINE UNITED NATIONS BORROWING EXPERIENCE BEFORE CONTRACTING THE LOAN,

II) LOAN AMORTIZATION PAYMENTS BE INCLUDED IN A NEW PART VIII OF THE 18 C/5 DOCUMENT."

3. WE ARE AWARE THAT THE ABOVE DR IS SUBJECT TO REFINEMENTS SO AS TO BE IN STRICT ACCORD WITH THE FINANCIAL AND OTHER REGULATIONS, AND WE WOULD OF COURSE APPRECIATE ANY SUCH SUGGESTED IMPROVEMENTS TO THIS END AS WELL AS SUBSTANTIVELY. THE DR DOES, HOWEVER, REFLECT THE DEPARTMENT'S GENERAL VIEWS AT THIS TIME AS TO THE MANNER IN WHICH THE DEFICIT DUE TO DEVALUATION SHOULD BE APPROACHED BY THE 93RD BOARD. THE DR WOULD NOT BE PRESENTED
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UNTIL SUCH TIME AS IT HAD BEEN DECIDED TO CONVENE AN EXTRAORDINARY SESSION OF THE GC, ALTHOUGH THAT ASPECT COULD BE INCORPORATED INTO THE DR, BUT IT'S SUBSTANCE WOULD BE DISCUSSED IN THE F & A COMMITTEE.

4. WE NOTE THAT THE DG'S PROPOSALS FOR ADDITIONAL SAVINGS IN THE AMOUNT OF ABOUT \$2.2 MILLION ARE PUT FORWARD WITH GREAT RELUCTANCE AND IN SUCH A MANNER THAT THE LDC'S CAN VERY WELL VIEW THEM AS PREJUDICING THE PROGRAM AS APPROVED BY THE 17TH GC. FOR OUR PART, AND THIS SHOULD BE DISCUSSED WITH GG, WE FEEL THAT POSSIBILITY OF FURTHER SAVINGS BEYOND \$2.2 MILLION NEEDS TO BE FULLY EXPLORED AND RAISED AT EXBD. PARA 3 OF DR PROVIDES FOR THIS. AS MATTER STANDS NOW, DG HAS

ACCEPTED OR PROPOSED SAVINGS ONLY OF ABOUT \$5.9
MILLION OUT OF TOTAL DEFICIT OF \$27.3 MILLION.

5. WE CANNOT THEREFORE GIVE PRECISE FIGURE FOR
BORROWING AUTHORITY IN PARA 7(C) OF ABOVE DR
SINCE AMOUNT OF TOTAL SAVINGS REMAINS TO BE
DETERMINED. HOWEVER, IF EXBD VOTES DOWN ANY
FURTHER SAVINGS, FIGURE FOR BORROWING AUTHORITY
WOULD PROBABLY BE ABOUT \$16 MILLION.

6. APPRECIATE PROMPT REPORTING ON ANY GAPS IN DR
NOTED BY PERMREP AND ON GG MEMBER SUGGESTIONS
AND REACTION. ROGERS

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